

Dear Neighbor:

The annual Montgomery County budget is of real importance to all our residents. The County Council will make final decisions on the budget for the next fiscal year, FY 2007, in May 2006. As we prepare for FY 2007, the Council welcomes the views of all stakeholders in our community about what the County's budget priorities should be.

On February 15 the Council unanimously adopted Resolution No. 15-904, *Establishing Annual Budget Priorities and Performance Measures*. A copy is attached for your review. The resolution states that "the Council intends to establish a stronger framework for its budget deliberations in close consultation with County agencies and the community. As a key element of this framework, the Council intends to set annual budget priorities. The Council will set these priorities by **October 1** each year for the following fiscal year."

In advance of this year's **October 1** deadline, we plan to hold a public hearing on the evening of **September 13 at 7:30 p.m.** at the Council Office Building in Rockville. The Management and Fiscal Policy will meet on **September 19 at 2 p.m.** to develop recommendations, which the Council will consider on **September 27**.

In past years the Council has not set specific budget priorities this early, but each of our annual budgets has nonetheless reflected some clear priorities. For example, the FY 2006 budget that we approved in May stressed:

Tax relief and fairness. We cut the property tax rate by 4 cents, provided a \$116 credit against property taxes for all owner-occupied homes, and expanded "circuitbreaker" relief for low and moderate income homeowners.

Education. We continued our strong commitment to class size reduction at MCPS, and we provided expanded support for Montgomery College.

Public safety. We increased the number of police officers on the street, and we increased the number of firefighters to address issues of overtime and response times.

Affordable housing. We continued our support for an expanded Housing Initiative Fund and other efforts to address the County's serious affordable housing problem.

Health and human services. We expanded support for health care for the uninsured and for safety net services for our most vulnerable residents.

Infrastructure maintenance. We made a "down payment" on meeting the needs identified by the Council Task Force on Infrastructure Maintenance.

Environment. We expanded support for parks maintenance and recycling.

Apart from budget priorities, the Council's resolution also requests County agencies – Montgomery County Public Schools, Montgomery College, the Park and Planning Commission, and WSSC, as well as County Government itself – to provide performance measures on their programs that enable the Council and the community to determine how effective they have been.

The views of all stakeholders in our community on County budget priorities and performance measures for FY 2007 are important to the Council, and we would welcome your responses to the following questions:

Do you believe that the Council's FY 2006 priorities listed above require additional support in FY 2007? If so, which ones and in what order?

Are there other areas that in your view should have priority in FY 2007? If so, which ones and in what order?

Are there areas that in your view should have lower priority for FY 2007? Do you believe that savings could be achieved? If so, where and how much?

Are there areas where in your view the County could provide services more efficiently? If so, which ones and how?

Do you have any further ideas about how the Council can most effectively undertake the priority-setting process for FY 2007?

To ensure that your responses are part of the Council's priority-setting process in September, please transmit them by **September 6**. We appreciate your participation in this process.

Sincerely,

Thomas E. Perez
Council President

Resolution No.:	<u>15-904</u>
Introduced:	<u>February 1, 2005</u>
Adopted:	<u>February 15, 2005</u>

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Councilmembers Knapp, Praisner, Subin, Floreen and Andrews

SUBJECT: Establishing Annual Budget Priorities and Performance Measures

Background

1. The Montgomery County Charter vests final budget authority in the County Council. Section 305 of the Charter provides that “the Council may add to, delete from, increase or decrease any appropriation item in the operating or capital budget.”
2. The majority of funding that is appropriated by the Council comes from the taxpayers of Montgomery County, and in exercising this budget authority, the Council is accountable to County taxpayers and must ensure that funding priorities are clear and that the programs it funds are cost-effective.
3. In order to set funding priorities and make budget decisions, the Council must have clear information regarding agency, program, and project cost-effectiveness, including documentation of outcomes.
4. County agencies provide extensive budget data, but they have not been explicitly asked by the Council to identify their on-going budget priorities or to provide clear information on the cost-effectiveness of programs or initiatives. Some County agencies have done extensive work on strategic plans and performance measures, but these measures are generally not linked to decisions on resource allocation.
5. Some local legislative bodies have tried to create a framework for budget deliberations. For example, a decade ago the City Council of Charlotte, North Carolina defined five “focus areas” or “strategic themes” and has adhered to them, making changes in individual initiatives as needed to respond to new challenges or demands.
6. In the past the Montgomery County Council itself has identified overriding priorities – for example, the multi-year Children First initiative that began in 1999.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

The Council intends to establish a stronger framework for its budget deliberations in close consultation with County agencies and the community.

As a key element of this framework, the Council intends to set annual budget priorities. The Council will set these priorities by October 1 each year for the following fiscal year.

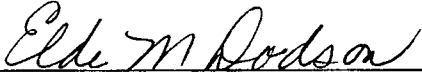
To this end, the Council requests County agencies, as they develop their recommended budgets each year, to:

- identify their own budget priorities;
- provide clear information on the cost-effectiveness of their programs;
- provide performance measures on individual programs that enable the Council and the community to assess the results achieved with past funding;
- identify the methodology and information used to review program effectiveness; and
- link decisions on future resource requests and allocations to these performance measures.

The Council intends to use the information outlined above in its budget deliberations and in setting annual priorities beginning with FY07.

For the FY06 budget process, the Council requests that County agencies provide as much information as possible in the five aforementioned areas for review at Council Committee worksessions scheduled during April and May 2005.

This is a correct copy of Council action.



Elda M. Dodson, CMC
Acting Clerk of the Council